GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:78
ANSWERED ON:04.03.2005
SHORTFALL OF MARKET SHARES OF BANKS
Adsul Shri Anandrao Vithoba;Zahedi Shri Mahboob

Will the Minister of FINANCE be pleased to state:

(a) whether nationalised banks operating in the country have been losing their marketshare;

(b) if so, the reaction of the Government thereto;

(c) the credit and deposit break up of private banks during the said period;

(d) whether shares of private banks have risen due to merger of banks;

(e) if so, the details thereof;

(f) whether the Government has conducted any study to find out the main causes for such shortfall of market share among nationalised banks;

(g) if so, the findings thereof; and

(h) the steps taken by the Government to increase the market share of nationalised banks?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (h): A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.78 FOR 4th MARCH 2005 REGARDING SHORTFALL OF MARKET SHARES OF BANKS TABLED BY SHRI ANANDRAO V. ADSUL AND SHRI MAHBOOB ZAHEDI

(a) : Among the bank groups, public sector banks continued to account for the major component of balance sheet of Scheduled Commercial Banks though their market share in deposits, advances and investments was somewhat contained and that of private sector banks increased during 2003-04. The details of market share of Scheduled Commercial Banks as on March 2003 and 2004 are at Annexure.

(c): The credit and deposits of private sector banks are as under :-

(Rs. in crore)

Item	2003	2004
Deposits	2,07,173.56	2,68,549.30
Credit	1,38,948.68	1,70,895.56

(d) : No, Sir.

(e): Does not arise.

(f): No, Sir.

(g) : Does not arise

(b) & (h) ; Government of India/ Reserve Bank of India has taken various steps to improve the functioning of the public sector Banks. These, interalia, include granting of managerial and operationalautonomy to the banks,enactment of law for effective recovery of Non-Performing Assets; deregulation of interest rates; introduction of prudential norms; reduction in Statutory Liquidity Ratio and Cash Reserve Ratio; and encouragement to Information Technology, Organizational Restructuring,improvementin human resource management and customer service,etc.